

VETERANS' BENEFITS AMENDMENTS OF 1996

MAY 10, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STUMP, from the Committee on Veterans' Affairs, submitted the following

R E P O R T

[To accompany H.R. 3373]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 3373) to amend title 38, United States Code, to update and make changes to the Servicemen's Group Life Insurance program and the Veterans' Group Life Insurance program, and make other improvements to life insurance programs administered by the Secretary of Veterans Affairs, to clarify the eligibility of certain minors for burial in national cemeteries, and to require that the offices for management, policy, and other functions associated with the educational assistance programs of the Education Service of the Department of Veterans Affairs be in the District of Columbia, having considered the same, reports favorably thereon, without amendment, and recommends that the bill do pass.

INTRODUCTION

On January 4, 1996, the Chairman of the Veterans' Affairs Committee, the Honorable Bob Stump, along with the Ranking Member, the Honorable G.V. (Sonny) Montgomery, and the Chairman and Ranking Member of the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs, the Honorable Terry Everett and the Honorable Lane Evans, introduced H.R. 2843, which would change the name of the Servicemen's Group Life Insurance program to Servicemembers' Group Life Insurance, authorize the termination of life insurance under that program when premiums are not paid, increase the maximum Servicemembers' Group Life Insurance coverage to \$200,000 and provide for coverage under that program to be provided automatically at the maximum level unless

the servicemember elects a lower level, and to make other improvements to life insurance programs administered by the Secretary of Veterans Affairs.

On April 17, 1996, the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs met, and by unanimous voice vote ordered H.R. 2843, as amended, reported to the full Committee.

On January 4, 1996, the Chairman and Ranking Member of the Committee on Veterans' Affairs, the Honorable Bob Stump and the Honorable G.V. (Sonny) Montgomery, introduced H.R. 2850, which would define the term "minor child" to clarify the eligibility of veterans' children for burial in national cemeteries.

On April 17, 1996, the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs met and recommended H.R. 2850 to the full Committee.

On March 6, 1996, the Veterans' Affairs Committee's Ranking Member, the Honorable G.V. (Sonny) Montgomery, and the Chairman of the Veterans' Affairs Committee, the Honorable Bob Stump, along with the Chairman and Ranking Member of the Subcommittee on Education, Training, Employment and Housing, the Honorable Steve Buyer and the Honorable Maxine Waters, introduced H.R. 3036, to require that the offices for management, policy, and other functions associated with the educational assistance programs of the Education Service of the Department of Veterans Affairs be in the District of Columbia.

On April 18, 1996, the Subcommittee on Education, Training, Employment and Housing met to receive testimony on the bill.

On May 8, 1996, the Committee met and ordered H.R. 3373 reported favorably to the House by unanimous voice vote. This bill combined provisions from H.R. 2843, H.R. 2850, and H.R. 3036.

SUMMARY OF THE REPORTED BILL

H.R. 3373 contains two titles. Title I would:

1) Merge the Retired Reserve Servicemembers' Group Life Insurance and Veterans' Group Life Insurance programs; extend Veterans' Group Life Insurance coverage to members of the Ready Reserve of a uniformed service.

2) Provide for an individual, upon separation from the military, to choose to roll over to the Veterans' Group Life Insurance program or choose a commercial policy, upon written application; eliminate the five-year renewal period for Veterans' Group Life Insurance; provide that if a Veterans' Group Life Insurance-insured individual becomes insured by Servicemembers' Group Life Insurance but dies before the Veterans' Group Life Insurance has been terminated or converted, Veterans' Group Life Insurance will be payable only if the individual is insured for less than \$200,000 under Servicemembers' Group Life Insurance, and then only in an amount which, when added to the amount of Servicemembers' Group Life Insurance, does not exceed \$200,000.

3) Require information to be provided members concerning automatic maximum coverage of \$200,000 under Servicemen's Group Life Insurance.

4) Rename the Servicemen's Group Life Insurance program to Servicemembers' Group Life Insurance.

5) Specify that the Servicemembers' Group Life Insurance of any member of the Retired Reserve of a uniformed service in force on the date of the enactment of this Act shall be converted, effective 90 days after that date, to Veterans' Group Life Insurance.

Title II would:

1) Clarify the eligibility of certain minors for burial in national cemeteries, by defining the term "minor child".

2) Require that the offices for management, policy, and other functions associated with the educational assistance programs of the Education Service of the Department of Veterans Affairs be in the District of Columbia.

BACKGROUND AND DISCUSSION

TITLE I—VETERANS' INSURANCE PROGRAMS

The Department of Veterans Affairs administers six life insurance programs and supervises the administration of two others for the benefit of service members, veterans, and their beneficiaries. At the end of 1995, the total amount of insurance under these programs was over \$491 billion. The two programs supervised by the Department of Veterans Affairs but administered under a contractual agreement by the Prudential Insurance Company include the Servicemen's Group Life Insurance and the Veterans' Group Life Insurance.

The Servicemen's Group Life Insurance program provides low cost group life insurance protection to persons on active duty in the military service, ready reservists, retired reservists, members of the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service, cadets and midshipmen of the four service academies, and members of the Reserve Officer Training Corps. At the end of 1995, 2.7 million individuals were covered under this program.

Veterans' Group Life Insurance is a post-separation insurance program which provides for the conversion of Servicemen's Group Life Insurance to a five-year renewable term policy. At the end of 1995, 349,256 enrollees had insurance coverage under the Veterans' Group Life Insurance program.

Section 101. Merger of Retired Reserve Servicemembers' Group Life Insurance and Veterans' Group Life Insurance and extension of Veterans' Group Life Insurance to members of the Ready Reserve. This provision would benefit Retired Reservists by making available the lifetime coverage provided under the Veterans' Group Life Insurance program. Veterans' Group Life Insurance coverage would also be extended to members of the Ready Reserve of a uniformed service. Currently, when members of the Ready Reserve retire with 20 years of service or are transferred to the Retired Reserve under temporary special retirement authority, they may continue their Servicemen's Group Life Insurance (SGLI) coverage as Retired Reservists' SGLI until they receive their retired pay or reach age 61, whichever comes first. By discontinuing the Retired Reservists'

SGLI program, the Retired Reservist would have lifetime coverage available under the Veterans' Group Life Insurance (VGLI) program.

Section 102. Conversion to commercial life insurance policy and elimination of the Veterans' Group Life Insurance program five-year renewal period; provides that if a Veteran's Group Life Insurance program-insured individual becomes insured by Servicemembers' Group Life Insurance, but dies before the Veterans' Group Life Insurance has been terminated or converted, Veterans' Group Life Insurance will be payable only if the individual is insured for less than \$200,000 under the Servicemembers' Group Life Insurance, and then only in an amount which, when added to the amount of Servicemembers' Group Life Insurance, does not exceed \$200,000. Currently, servicemembers may not convert their SGLI insurance to a commercial policy when they separate from service. Servicemembers who choose to enroll in VGLI upon separation must maintain their VGLI policy for a minimum of five years before converting to a commercial life insurance policy. Although term policies provide low-cost coverage for younger insureds, term insurance becomes very expensive for older insureds. A permanent life insurance policy is an alternative to the ever-increasing cost of term coverage. Since the cost of such a policy increases as the insured's age increases, requiring insureds to delay conversion until five years after leaving active duty increases the cost for those who would like to convert sooner. This provision would give insureds an option to convert their SGLI or VGLI policies at any time, lowering their cost of conversion.

Section 103. Information to be provided members concerning automatic maximum coverage of \$200,000 under Servicemen's Group Life Insurance. The following general information would be provided to individuals by the appropriate Secretary:

- (a) the purpose and role of life insurance in financial planning;
- (b) the difference between term life insurance and whole life insurance;
- (c) the availability of commercial life insurance;
- (d) the relationship between Servicemen's Group Life Insurance and Veterans' Group Life Insurance.

This provision would help educate the servicemember about financial planning and ensure that informed decisions are being made by the servicemember.

Section 104. Renaming of Servicemen's Group Life Insurance program. The program's name would be changed to Servicemembers' Group Life Insurance to make it gender neutral.

Section 105. Effective date. The Servicemembers' Group Life Insurance of any member of the Retired Reserve of a uniformed service in force on the date of the enactment of this Act shall be converted, effective 90 days after that date, to Veterans' Group Life Insurance.

TITLE II—OTHER MATTERS

Section 201. Eligibility of certain minors for burial in national cemeteries. In 1973, Congress enacted the National Cemeteries Act,

which transferred the responsibility for operating national cemeteries from the Department of the Army to the Department of Veterans Affairs. Eligibility for burial continued to be defined under title 24 provisions, as Congress indicated an intent that similar eligibility rules should apply under VA's management of the cemetery system. The Department of Army defines "minor child" as children under age 21, as does the Department of Veterans Affairs regulation at 38 C.F.R., section 1.620(g). However, under title 38, United States Code, "child" includes children up to age 23, providing they are pursuing a course of instruction at an approved educational institution. The National Cemetery System encounters situations which result in confusion as a result of the differences in the title 38 definition of a "child" and the regulatory definition of "minor child" for purposes of burial eligibility. Therefore, this bill would amend the statute governing burial eligibility to incorporate the regulatory definition of "minor child".

Section 202. Programs, projects, and activities of the Education Service, Department of Veterans Affairs. The Department of Veterans Affairs has proposed to move the VA's Education Service to St. Louis, Missouri, as part of the Veterans Benefits Administration's efforts to restructure.

The VA asserts that the move of the Education Service from Washington, DC, would not hinder the quality of the program, just as the location of the Department's Insurance Program in Philadelphia has not had an adverse effect on that program. VA believes that the collocation of the policy activity of the program at its main production site saves time, promotes efficiency and fosters a constructive partnership between line and staff elements. It is VA's belief that education services will benefit from this new structure, but VA has not elaborated as to how either the Education Service or veteran beneficiaries will receive improved service.

The Committee feels that moving VA's Education Service to St. Louis, MO, would adversely affect the administration of the Montgomery GI Bill (MGIB) and other VA education programs. There is a unique process for the successful administration of the MGIB. VA, DoD, and the military service staffs, veteran service organizations and education industry professional associations must work closely with the Congressional authorizing committees. A move to St. Louis would make communication and cooperation far more difficult.

The Education Service staff frequently interacts with VA's Central Office staff. Without direct contact, it would be much harder for that staff to work with VA General Counsel, computer support services, budget staff, contractors, and others. Additionally, by allowing the Education Service to be moved to St. Louis, the Committee believes that the service would be underrepresented when policy decisions are made and priorities established.

The Montgomery GI Bill and other education and training programs administered by the Education Service are as important to our Nation's veterans as the other benefits provided by VA—moving the Education Service would send the message that education programs are not valued.

H.R. 3373 does not affect full time employee equivalency and would ensure that educational assistance programs continue to be high priority programs in the VA. It enjoys strong bipartisan support.

The Committee believes that it is vital to veterans, and to the Secretary of Veterans Affairs, to keep the policy and management team for a dynamic program such as the education service as close as possible to the Secretary and the Congressional Committee charged with oversight. The comparison of Education Services to the VA insurance program is not an apt one. The Committee views the Education Service as having an ever-changing program, certainly in need of more policy-making discussions and oversight than the VA Insurance Program.

SECTION-BY-SECTION ANALYSIS

Section 1 would be cited as the "Veterans' Benefits Amendments of 1996".

Section 101(a) would amend section 1965(5) by redefining "member" for purposes of veterans' insurance programs.

Section 101(b) would amend section 1967 by redefining "persons insured" for purposes of veterans' insurance programs.

Section 101(c) would amend section 1968 by redefining "duration and termination of coverage" for purposes of veterans' insurance programs.

Section 101(d) would amend section 1969 by redefining "premiums" requirements for purposes of veterans' insurance programs.

Section 102(a) would amend section 1968(b), as amended by section 101(c)(2), by providing that an individual insured under Servicemembers' Group Life Insurance may be automatically converted to Veterans' Group Life Insurance, and by providing for an individual to convert from Servicemembers' Group Life Insurance to an individual policy of insurance as described in section 1977(e).

Section 102(b) would amend section 1977(a) by providing for any person insured under Veterans' Group Life Insurance who becomes insured under Servicemembers' Group Life Insurance but dies before terminating or converting such person's Veterans' Group Insurance, that Veterans' Group Life Insurance shall be payable only if such person is insured for less than \$200,000 under Servicemembers' Group Life Insurance, and then only in an amount which, when added to the amount of Servicemembers' Group Life Insurance payable, does not exceed \$200,000. It would also provide for an insured under Veterans' Group Life Insurance the right to convert to an individual policy at any time, and it would provide for the termination of Veterans' Group Life Insurance on the day before the date on which the individual policy becomes effective.

Section 103 would amend section 1967, as amended by section 101(b) of this title, providing that members with the maximum insurance amount of \$200,000 be furnished with general information concerning life insurance, such as (1) the purpose and role of life insurance in financial planning; (2) the difference between term life insurance and whole life insurance; (3) the availability of commer-

cial life insurance; (4) the relationship between Servicemember's Group Life Insurance and Veterans' Group Life Insurance.

Section 104(a) would redesignate the insurance program under subchapter III of chapter 19 of title 38, United States Code, as the Servicemember's Group Life Insurance program.

Section 104(b) would amend chapter 19 to make conforming changes regarding the redesignation of the program's name.

Section 105 would provide that the Servicemembers' Group Life Insurance of any member of the Retired Reserve of a uniformed service in force on the date of the enactment of this Act shall be converted, effective 90 days after that date, to Veterans' Group Life Insurance.

Section 201(a) would amend section 2402(5) of title 38, United States Code, to define the term "minor child" and clarify the eligibility of veterans' children for burial in national cemeteries.

Section 201(b) would amend section 101(4)(A) of this title to make conforming changes.

Section 202(a) would amend chapter 77 by inserting section 7705 to require that the management, policy, and the operations functions associated with the educational assistance programs of the VA's Education Service be located in the District of Columbia.

Section 202(b) would amend the table of sections at the beginning of chapter 77 referencing section 7705.

OVERSIGHT FINDINGS

No oversight findings have been submitted to the Committee by the Committee on Government Reform and Oversight.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 9, 1996.

Hon. BOB STUMP,
*Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has reviewed H.R. 3373, the Veterans' Benefits Amendments of 1996, as ordered reported by the House Committee on Veterans' Affairs on May 8, 1996. H.R. 3373 would not significantly affect the federal budget. The provisions on insurance programs and burial benefits would, however, affect direct spending and would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. This estimate supersedes CBO's estimate dated May 8, 1996, and reflects changes made by the House Committee on Veterans' Affairs to H.R. 3373.

The bill would affect veterans' insurance programs by:

—offering coverage to retired reservists through the Veterans' Group Life Insurance (VGLI) program rather than through SGLI,

- making VGLI available to members of the Ready Reserve, and
- allowing individuals insured under either SGLI or VGLI to convert their policies to individual life insurance policies with a commercial company.

Although SGLI and VGLI are programs of the Department of Veterans Affairs (VA), they are administered by the Prudential Insurance Company, which pays administrative costs and would automatically adjust insurance premiums to cover any change in benefit payments.

The bill also would clarify which children of veterans are eligible for burial in national cemeteries by defining minor as someone under 21 years old or under 23 years old for someone in school. Because this provision would codify current policies of the VA, it would have no budgetary impact.

Finally, the bill would require VA to keep the office that administers its educational assistance programs in the District of Columbia rather than relocate it to St. Louis as currently planned. This change would not significantly affect discretionary spending of the VA.

H.R. 3373 contains no intergovernmental or private sector mandates as defined in Public Law 104–4 and would impose no direct costs on state, local, or tribal governments.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mary Helen Petrus, who can be reached at 226–2840.

Sincerely,

JUNE E. O'NEILL,
Director.

INFLATIONARY IMPACT STATEMENT

The enactment of the reported bill would have no inflationary impact.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

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PART I—GENERAL PROVISIONS

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CHAPTER 1—GENERAL

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§ 101. Definitions

For the purposes of this title—

(1) * * *

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(4)(A) The term “child” means (except for purposes of **chapter 19** *chapters 19 and 24* of this title and section 8502(b) of this title) a person who is unmarried and—

(i) * * *

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PART II—GENERAL BENEFITS

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**CHAPTER 13—DEPENDENCY AND INDEMNITY
COMPENSATION FOR SERVICE-CONNECTED DEATHS**

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**SUBCHAPTER II—DEPENDENCY AND INDEMNITY
COMPENSATION**

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§ 1315. Dependency and indemnity compensation to parents

(a) * * *

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(f)(1) In determining income under this section, all payments of any kind or from any source shall be included, except—

(A) * * *

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(F) payments under policies of **servicemen’s** *servicemembers* group life insurance, United States Government life insurance or national service life insurance, and payments of servicemen’s indemnity;

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CHAPTER 19—INSURANCE

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SUBCHAPTER I—NATIONAL SERVICE LIFE INSURANCE

Sec.

1901. Definitions.

1902. Premium rates and policy values.

1903. Amount of insurance.

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[SUBCHAPTER III—SERVICEMEN’S GROUP LIFE INSURANCE]**SUBCHAPTER III—SERVICEMEMBERS’ GROUP LIFE INSURANCE (FORMERLY SERVICEMEN’S
GROUP LIFE INSURANCE)**

1965. Definitions.

1966. Eligible insurance companies.

1967. Persons insured; amount.

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【1974. Advisory Council on Servicemen's Group Life Insurance.】

1974. *Advisory Council on Servicemembers' Group Life Insurance (formerly Servicemen's Group Life Insurance)*

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【SUBCHAPTER III—SERVICEMEN'S GROUP LIFE INSURANCE】

SUBCHAPTER III—SERVICEMEMBERS' GROUP LIFE INSURANCE (FORMERLY SERVICEMEN'S GROUP LIFE INSURANCE)

§ 1965. Definitions

For the purpose of this subchapter—

(1) * * *

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(5) The term “member” means—

(A) * * *

(B) a person who volunteers for assignment to the Ready Reserve of a uniformed service and is assigned to a unit or position in which such person may be required to perform active duty, or active duty for training, and each year will be scheduled to perform at least twelve periods of inactive duty training that is creditable for retirement purposes under chapter 1223 of title 10 (or under chapter 67 of that title as in effect before the effective date of the Reserve Officer Personnel Management Act); *and*

【(C) a person assigned to, or who upon application would be eligible for assignment to, the Retired Reserve of a uniformed service who has not received the first increment of retirement pay or has not yet reached sixty-one years of age and has completed at least twenty years of satisfactory service creditable for retirement purposes under chapter 1223 of title 10 (or under chapter 67 of that title as in effect before the effective date of the Reserve Officer Personnel Management Act);

【(D) a person transferred to the Retired Reserve of a uniformed service under the temporary special retirement authority provided in section 1331a of title 10 who has not received the first increment of retirement pay or has not reached sixty-one years of age; and

【(E)】 (C) a member, cadet, or midshipman of the Reserve Officers Training Corps while attending field training or practice cruises.

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§ 1967. Persons insured; amount

(a) Any policy of insurance purchased by the Secretary under section 1966 of this title shall automatically insure against death—

(1) any member of a uniformed service on active duty, active duty for training, or inactive duty training scheduled in advance by competent authority; *and*

(2) any member of the Ready Reserve of a uniformed service who meets the qualifications set forth in section 1965(5)(B) of this title;

[(3) any member assigned to, or who upon application would be eligible for assignment to, the Retired Reserve of a uniformed service who meets the qualifications set forth in section 1965(5)(C) of this title; and

[(4) any member assigned to the Retired Reserve of a uniform service who meets the qualifications set forth in section 1965(5)(D) of this title;]

in the amount of \$200,000, unless such member elects in writing (A) not to be insured under this subchapter, or (B) to be insured in an amount less than \$200,000 that is evenly divisible by \$10,000. The insurance shall be effective the first day of active duty or active duty for training, or the beginning of a period of inactive duty training scheduled in advance by competent authority, or the first day a member of the Ready Reserve meets the qualifications set forth in section 1965(5)(B) of this title, [or the first day a member of the Reserves, whether or not assigned to the Retired Reserve of a uniformed service, meets the qualifications of section 1965(5)(C) of this title, or the first day a member of the Reserves meets the qualifications of section 1965(5)(D) of this title,] or the date certified by the Secretary to the Secretary concerned as the date [Servicemen's Group] *Servicemembers' Group* Life Insurance under this subchapter for the class or group concerned takes effect, whichever is the later date.

* * * * *

(c) If any member elects not to be insured under this subchapter or to be insured in any amount less than \$200,000, such member may thereafter be insured under this subchapter in the amount of \$200,000 or any lesser amount evenly divisible by \$10,000 upon written application, proof of good health, and compliance with such other terms and conditions as may be prescribed by the Secretary. Any former member insured under Veterans' Group Life Insurance who again becomes eligible for [Servicemen's Group] *Servicemembers' Group* Life Insurance and declines such coverage solely for the purpose of maintaining such member's Veterans' Group Life Insurance in effect shall upon termination of coverage under Veterans' Group Life Insurance be automatically insured under [Servicemen's Group] *Servicemembers' Group* Life Insurance, if otherwise eligible therefor.

[(d) Notwithstanding any other provision of this section, any member who on May 1, 1991 is a member of the Retired Reserve of a uniformed service (or who upon application would be eligible for assignment to the Retired Reserve of a uniformed service) may obtain increased insurance coverage in the amount of \$100,000 or any lesser amount evenly divisible by \$10,000 if—

[(1) the member—

[(A) is insured under this subchapter on May 1, 1991;

or

[(B) within one year after May 1, 1991, reinstates insurance under this subchapter that had lapsed for nonpayment of premiums; and

[(2) the member submits a written application for the increased coverage to the office established pursuant to section 1966(b) of this title within one year after May 1, 1991.]

(d) Whenever a member has the opportunity to make an election under subsection (a) not to be insured under this subchapter, or to be insured under this subchapter in an amount less than the maximum amount of \$200,000, and at such other times periodically thereafter as the Secretary concerned considers appropriate, the Secretary concerned shall furnish to the member general information concerning life insurance. Such information shall include—

(1) the purpose and role of life insurance in financial planning;

(2) the difference between term life insurance and whole life insurance;

(3) the availability of commercial life insurance; and

(4) the relationship between Servicemembers' Group Life Insurance and Veterans' Group Life Insurance.

(e) The effective date and time for any change in benefits under the [Servicemen's Group] Servicemembers' Group Life Insurance Program shall be based on the date and time according to the time zone immediately west of the International Date Line.

§ 1968. Duration and termination of coverage; conversion

(a) Each policy purchased under this subchapter shall contain a provision, in terms approved by the Secretary, to the effect that any insurance thereunder on any member of the uniformed services, unless discontinued or reduced upon the written request of the insured (or discontinued pursuant to section 1969(a)(2)(B) of this title), shall continue in effect while the member is on active duty, active duty for training, or inactive duty training scheduled in advance by competent authority during the period thereof, or while the member meets the qualifications set forth in [subparagraph (B), (C), or (D) of section 1965(5)] *section 1965(5)(B)* of this title, and such insurance shall cease—

(1) with respect to a member on active duty or active duty for training under a call or order to duty that does not specify a period of less than thirty-one days—

(A) one hundred and twenty days after the separation or release from active duty or active duty for training, unless on the date of such separation or release the member is totally disabled, under criteria established by the Secretary, in which event the insurance shall cease one year after the date of separation or release from such active duty or active duty for training, or on the date the insured ceases to be totally disabled, whichever is the earlier date, but in no event prior to the expiration of one hundred and twenty days after such separation or release; or

(B) at the end of the thirty-first day of a continuous period of (i) absence without leave, (ii) confinement by civil authorities under a sentence adjudged by a civilian court, or (iii) confinement by military authorities under a court-

martial sentence involving total forfeiture of pay and allowances. Any insurance so terminated as the result of such an absence or confinement, together with any beneficiary designation in effect for such insurance at such termination thereof, shall be automatically revived as of the date the member is restored to active duty with pay or to active duty for training with pay[.];

(2) with respect to a member on active duty or active duty for training under a call or order to duty that specifies a period of less than thirty-one days insurance under this subchapter shall cease at midnight, local time, on the last day of such duty, unless on such date the insured is suffering from a disability incurred or aggravated during such period which, within one hundred and twenty days after such date, (i) results in death, or (ii) renders the member uninsurable at standard premium rates according to the good health standards approved by the Secretary, in which event the insurance shall continue in force to death, or for one hundred and twenty days after such date, whichever is the earlier date[.];

(3) with respect to a member on inactive duty training scheduled in advance by competent authority insurance under this subchapter shall cease at the end of such scheduled training period, unless at such time the insured is suffering from a disability incurred, or aggravated during such period which, within one hundred and twenty days after the date of such training, (i) results in death, or (ii) renders the member uninsurable at standard premium rates according to the good health standards approved by the Secretary in which event the insurance shall continue in force to death, or for one hundred and twenty days after the date such training terminated, whichever is the earlier date[.]; *and*

(4) with respect to a member of the Ready Reserve of a uniformed service who meets the qualifications set forth in section 1965(5)(B) of this title, one hundred and twenty days after separation or release [from such assignment—

[(A) unless on] *from such assignment, unless on* the date of such separation or release the member is totally disabled, under criteria established by the Secretary, in which event the insurance shall cease one year after the date of separation or release from such assignment, or on the date the insured ceases to be totally disabled, whichever is the earlier date, but in no event prior to the expiration of one hundred and twenty days after separation or release from such assignment[.];

[(B) unless on the date of such separation or release the member has completed at least twenty years of satisfactory service creditable for retirement purposes under chapter 1223 of title 10 (or under chapter 67 of that title as in effect before the effective date of the Reserve Officer Personnel Management Act) and would upon application be eligible for assignment to or is assigned to the Retired Reserve, in which event the insurance, unless converted to an individual policy under terms and conditions set forth in section 1977(e) of this title, shall, upon timely payment of

premiums under terms prescribed by the Secretary directly to the administrative office established under section 1966(b) of this title, continue in force until receipt of the first increment of retirement pay by the member or the member's sixty-first birthday, whichever occurs earlier; or

[(C) unless on the date of such separation or release the member is transferred to the Retired Reserve of a uniformed service under the temporary special retirement authority provided in section 1331a of title 10, in which event the insurance, unless converted to an individual policy under terms and conditions set forth in section 1977(e) of this title, shall, upon timely payment of premiums under terms prescribed by the Secretary directly to the administrative office established under section 1966(b) of this title, continue in force until receipt of the first increment of retirement pay by the member or the member's sixty-first birthday, whichever occurs earlier.

[(5) with respect to a member of the Retired Reserve who meets the qualifications of section 1965(5)(C) of this title, and who was assigned to the Retired Reserve prior to the date insurance under the amendment made by section 5(a) of the Veterans' Insurance Act of 1974 (Public Law 93-289, 88 Stat. 166) is placed in effect for members of the Retired Reserve, at such time as the member receives the first increment of retirement pay, or the member's sixty-first birthday, whichever occurs earlier, subject to the timely payment of the initial and subsequent premiums, under terms prescribed by the Secretary, directly to the administrative office established under section 1966(b) of this title.

[(6) with respect to a member of the Retired Reserve who meets the qualifications of section 1965(5)(D) of this title, at such time as the member receives the first increment of retirement pay, or the member's sixty-first birthday, whichever occurs earlier, subject to the timely payment of the initial and subsequent premiums, under terms prescribed by the Secretary, directly to the administrative office established under section 1966(b) of this title.]

(b)(1) Each policy purchased under this subchapter shall contain a provision, in terms approved by the Secretary, that, except as hereinafter provided, **[Servicemen's Group]** *Servicemembers' Group Life Insurance* which is continued in force after expiration of the period of duty or travel under section 1967(b) or 1968(a) of this title, effective the day after the date such insurance **[would cease,** shall be automatically converted to Veterans' Group Life Insurance subject to (1) the timely payment of the initial premium under terms prescribed by the Secretary, and (2) the terms and conditions set forth in section 1977 of this title.] *would cease—*

(A) *shall be automatically converted to Veterans' Group Life Insurance, subject to (i) the timely payment of the initial premium under terms prescribed by the Secretary, and (ii) the terms and conditions set forth in section 1977 of this title; or*

(B) *at the election of the member, shall be converted to an individual policy of insurance as described in section 1977(e) of this title upon written application for conversion made to the*

participating company selected by the member and payment of the required premiums.

(2) **Automatic conversion.** *Automatic conversion to Veterans' Group Life Insurance under paragraph (1)* shall be effective only in the case of an otherwise eligible member or former member who is separated or released from a period of active duty or active duty for training or inactive duty training on or after the date on which the Veterans' Group Life Insurance program (provided for under section 1977 of this title) becomes effective. **Servicemen's Group Life Insurance** continued in force under section 1968(a)(4)(B) or (5) of this title shall not be converted to Veterans' Group Life Insurance. However, a member whose insurance could be continued in force under section 1968(a)(4)(B) of this title, but is not so continued, may, effective the day after the insurance otherwise would cease, convert such insurance to an individual policy under the terms and conditions set forth in section 1977(e) of this title.

§ 1969. Deductions; payment; investment; expenses

(a)(1) During any period in which a member, on active duty or active duty for training under a call or order to such duty that does not specify a period of less than thirty-one days, is insured under **Servicemen's Group** *Servicemembers' Group* Life Insurance, there shall be deducted each month from the member's basic or other pay until separation or release from such duty an amount determined by the Secretary (which shall be the same for all such members) as the share of the cost attributable to insuring such member under such policy, less any costs traceable to the extra hazard of such duty in the uniformed service.

(2)(A) During any month in which a member is assigned to the Ready Reserve of a uniformed service under conditions which meet the qualifications of section 1965(5)(B) of this title, **is assigned to the Reserve (other than the Retired Reserve) and meets the qualifications of section 1965(5)(C) of this title, or is assigned to the Retired Reserve and meets the qualifications of section 1965(5)(D) of this title,** and is insured under a policy of insurance purchased by the Secretary, under section 1966 of this title, there shall be contributed from the appropriation made for active duty pay of the uniformed service concerned an amount determined by the Secretary (which shall be the same for all such members) as the share of the cost attributable to insuring such member under this policy, less any costs traceable to the extra hazards of such duty in the uniformed services. Any amounts so contributed on behalf of any individual shall be collected by the Secretary concerned from such individual (by deduction from pay or otherwise) and shall be credited to the appropriation from which such contribution was made.

* * * * *

(3) During any fiscal year, or portion thereof, that a member is on active duty or active duty for training under a call or order to such duty that specifies a period of less than thirty-one days, or is authorized or required to perform inactive duty training scheduled in advance by competent authority, and is insured under **Servicemen's Group** *Servicemembers' Group* Life Insurance, the Secretary concerned shall collect from the member (by deduction from pay or

otherwise) an amount determined by the Secretary (which shall be the same for all such members) as the share of the cost attributable to insuring such member under such policy, less any costs traceable to the extra hazard of such duty in the uniformed service.

(4) Any amount not deducted from the basic or other pay of a member insured under **【Servicemen's Group】** *Servicemembers' Group* Life Insurance, or collected from the member by the Secretary concerned, if not otherwise paid, shall be deducted from the proceeds of any insurance thereafter payable. The initial monthly amount under paragraph (1) or (2) hereof, or fiscal year amount under paragraph (3) hereof, determined by the Secretary to be charged under this section for **【Servicemen's Group】** *Servicemembers' Group* Life Insurance may be continued from year to year, except that the Secretary may redetermine such monthly or fiscal year amounts from time to time in accordance with experience. No refunds will be made to any member of any amount properly deducted from the member's basic or other pay, or collected from the member by the Secretary concerned, to cover the insurance granted under **【Servicemen's Group】** *Servicemembers' Group* Life Insurance.

(b) For each month for which any member is so insured, there shall be contributed from the appropriation made for active duty pay of the uniformed service concerned an amount determined by the Secretary and certified to the Secretary concerned to be the cost of **【Servicemen's Group】** *Servicemembers' Group* Life Insurance which is traceable to the extra hazard of duty in the uniformed services. Effective January 1, 1970, such cost shall be determined by the Secretary on the basis of the excess mortality incurred by members and former members of the uniformed services insured under **【Servicemen's Group】** *Servicemembers' Group* Life Insurance above what their mortality would have been under peacetime conditions as such mortality is determined by the Secretary using such methods and data as the Secretary shall determine to be reasonable and practicable. The Secretary is authorized to make such adjustments regarding contributions from pay appropriations as may be indicated from actual experience.

(c) An amount equal to the first amount due on **【Servicemen's Group】** *Servicemembers' Group* Life Insurance may be advanced from current appropriations for active-service pay to any such member, which amount shall constitute a lien upon any service or other pay accruing to the person from whom such advance was made and shall be collected therefrom if not otherwise paid. No disbursing or certifying officer shall be responsible for any loss incurred by reason of such advance.

(d)(1) The sums withheld from the basic or other pay of members, or collected from them by the Secretary concerned, under subsection (a) of this section, and the sums contributed from appropriations under subsection (b) of this section, together with the income derived from any dividends or premium rate adjustments received from insurers shall be deposited to the credit of a revolving fund established in the Treasury of the United States. All premium payments and extra hazard costs on **【Servicemen's Group】** *Servicemembers' Group* Life Insurance and the administrative cost

to the Department of insurance issued under this subchapter shall be paid from the revolving fund.

* * * * *

[(e) The premiums for Servicemen's Group Life Insurance placed in effect or continued in force for a member assigned to the Retired Reserve of a uniformed service who meets the qualifications of subparagraph (C) or (D) of section 1965(5) of this title, shall be established under the criteria set forth in section 1971(a) and (c) of this title, except that the Secretary may provide for average premiums for such various age groupings as the Secretary may determine to be necessary according to sound actuarial principles, and shall include an amount necessary to cover the administrative cost of such insurance to the company or companies issuing or continuing such insurance. Such premiums shall be payable by the insureds thereunder as provided by the Secretary directly to the administrative office established for such insurance under section 1966(b) of this title. The provisions of subsections (d) and (e) of section 1971 of this title shall be applicable to Servicemen's Group Life Insurance continued in force or issued to a member assigned to the Retired Reserve of a uniformed service. However, a separate accounting may be required by the Secretary for insurance issued to or continued in force on the lives of members assigned to the Retired Reserve and for other insurance in force under this subchapter. In such accounting, the Secretary is authorized to allocate claims and other costs among such programs of insurance according to accepted actuarial principles.

[(f)] (e) The Secretary of Defense shall prescribe regulations for the administration of the functions of the Secretaries of the military departments under this section. Such regulations shall prescribe such procedures as the Secretary of Defense, after consultation with the Secretary, may consider necessary to ensure that such functions are carried out in a timely and complete manner and in accordance with the provisions of this section, including specifically the provisions of subsection (a)(2) of this section relating to contributions from appropriations made for active duty pay.

[(g)] (f)(1) No tax, fee, or other monetary payment may be imposed or collected by any State, or by any political subdivision or other governmental authority of a State, on or with respect to any premium paid under an insurance policy purchased under this subchapter.

* * * * *

§ 1970. Beneficiaries; payment of insurance

(a) Any amount of insurance under this subchapter in force on any member or former member on the date of the insured's death shall be paid, upon the establishment of a valid claim therefor, to the person or persons surviving at the date of the insured's death, in the following order of precedence:

First, to the beneficiary or beneficiaries as the member or former member may have designated by a writing received prior to death (1) in the uniformed services if insured under [Servicemen's Group] *Servicemembers' Group* Life Insurance, or (2) in the administrative office established under section 1966(b) of this title if sep-

arated or released from service, or if assigned to the Retired Reserve, and insured under **【Servicemen's Group】** *Servicemembers' Group* Life Insurance, or if insured under Veterans' Group Life Insurance;

Second, if there be no such beneficiary, to the widow or widower of such member or former member;

Third, if none of the above, to the child or children of such member or former member and descendants of deceased children by representation;

Fourth, if none of the above, to the parents of such member or former member or the survivor of them;

Fifth, if none of the above, to the duly appointed executor or administrator of the estate of such member or former member;

Sixth, if none of the above, to other next of kin of such member or former member entitled under the laws of domicile of such member or former member at the time of the insured's death.

* * * * *

(f) Notwithstanding the provisions of any other law, payment of matured **【Servicemen's Group】** *Servicemembers' Group* Life Insurance or Veterans' Group Life Insurance benefits may be made directly to a minor, widow or widower on the member's own behalf, and payment in such case shall be a complete acquittance to the insurer.

(g) Payments of benefits due or to become due under **【Servicemen's Group】** *Servicemembers' Group* Life Insurance or Veterans' Group Life Insurance made to, or on account of, a beneficiary shall be exempt from taxation, shall be exempt from the claims of creditors, and shall not be liable to attachment, levy, or seizure by or under any legal or equitable process whatever, either before or after receipt by the beneficiary. The preceding sentence shall not apply to (1) collection of amounts not deducted from the member's pay, or collected from the member by the Secretary concerned under section 1969(a) of this title, (2) levy under subchapter D of chapter 64 of the Internal Revenue Code of 1986 (26 U.S.C. 6331 et seq.) (relating to the seizure of property for collection of taxes), and (3) the taxation of any property purchased in part or wholly out of such payments.

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§ 1971. Basic tables of premiums; readjustment of rates

(a) * * *

(b) The total premiums for **【Servicemen's Group】** *Servicemembers' Group* Life Insurance shall be the sum of the amounts computed according to the provisions of subsection (a) above and the estimated cost traceable to the extra hazard of active duty in the uniformed services as determined by the Secretary, subject to the provision that such estimated costs traceable to the extra hazard shall be retroactively readjusted annually in accordance with section 1969(b).

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§ 1973. Forfeiture

Any person guilty of mutiny, treason, spying, or desertion, or who, because of conscientious objections, refuses to perform service in the Armed Forces of the United States or refuses to wear the uniform of such force, shall forfeit all rights to **【Servicemen's Group】** *Servicemembers' Group* Life Insurance under this subchapter. No such insurance shall be payable for death inflicted as a lawful punishment for crime or for military or naval offense, except when inflicted by an enemy of the United States.

【§ 1974. Advisory Council on Servicemen's Group Life Insurance】

§ 1974. Advisory Council on Servicemembers' Group Life Insurance (formerly Servicemen's Group Life Insurance)

(a) There is an Advisory Council on **【Servicemen's Group】** *Servicemembers' Group* Life Insurance. The council consist of—

(1) * * *

* * * * *

§ 1977. Veterans' Group Life Insurance

(a)(1) Veterans' Group Life Insurance shall be issued in the amounts specified in section 1967(a) and (e) of this title. In the case of any individual, the amount of Veterans' Group Life Insurance may not exceed the amount of **【Servicemen's Group】** *Servicemembers' Group* Life Insurance coverage continued in force after the expiration of the period of duty or travel under section 1967(b) and (e) or 1968(a) of this title. No person may carry a combined amount of **【Servicemen's Group】** *Servicemembers' Group* Life Insurance and Veterans' Group Life Insurance in excess of \$200,000 at any one time. **【Any person insured under Veterans' Group Life Insurance who again becomes insured under Servicemen's Group Life Insurance may within 60 days after becoming so insured convert any or all of such person's Veterans' Group Life Insurance to an individual policy of insurance under subsection (e). However, if such a person dies within the 60-day period and before converting such person's Veterans' Group Life Insurance, Veterans' Group Life Insurance will be payable only if such person is insured for less than \$200,000 under Servicemen's Group Life Insurance, and then only in an amount which when added to the amount of Servicemen's Group Life Insurance payable shall not exceed \$200,000.】**

(2) *If any person insured under Veterans' Group Life Insurance again becomes insured under Servicemembers' Group Life Insurance but dies before terminating or converting such person's Veterans' Group Insurance, Veterans' Group Life Insurance shall be payable only if such person is insured for less than \$200,000 under Servicemembers' Group Life Insurance, and then only in an amount which, when added to the amount of Servicemembers' Group Life Insurance payable, does not exceed \$200,000.*

* * * * *

(d) Any amount of Veterans' Group Life Insurance in force on any person on the date of such person's death shall be paid, upon the establishment of a valid claim therefor, pursuant to the provisions of section 1970 of this title. However, any designation of beneficiary or beneficiaries for **【Servicemen's Group】** *Servicemembers' Group* Life Insurance filed with a uniformed service until changed, shall be considered a designation of beneficiary or beneficiaries for Veterans' Group Life Insurance, but not for more than sixty days after the effective date of the insured's Veterans' Group Insurance, unless at the end of such sixty-day period, the insured is incompetent in which event such designation may continue in force until the disability is removed but not for more than five years after the effective date of the insured's Veterans' Group Life Insurance. Except as indicated above in incompetent cases, after such sixty-day period, any designation of beneficiary or beneficiaries for Veterans' Group Life Insurance to be effective must be by a writing signed by the insured and received by the administrative office established under section 1966(b) of this title.

(e) An insured under Veterans' Group Life Insurance shall have the right *at any time* to convert such insurance to an individual policy of life insurance upon written application for conversion made to the participating company the insured selects and payment of the required premiums. The individual policy will be issued without medical examination on a plan then currently written by such company which does not provide for the payment of any sum less than the face value thereof or for the payment of an additional amount as premiums in the event the insured performs active duty, active duty for training, or inactive duty training. **【The individual policy will be effective the day after the insured's Veterans' Group Life Insurance terminates by expiration of the five-year term period, except in a case where the insured is eligible to convert at an earlier date by reason of again having become insured under Servicemen's Group Life Insurance, in which event the effective date of the individual policy may not be later than the sixty-first day after the insured again became so insured.】** *The Veterans' Group Life Insurance policy will terminate on the day before the date on which the individual policy becomes effective.* Upon request to the administrative office established under section 1966(b) of this title, an insured under Veterans' Group Life Insurance shall be furnished a list of life insurance companies participating in the program established under this subchapter. In addition to the life insurance companies participating in the program established under this subchapter, the list furnished to an insured under this section shall include additional life insurance companies (not so participating) which meet qualifying criteria, terms, and conditions established by the Secretary and agree to sell insurance to former members in accordance with the provisions of this section.

* * * * *

(g) Any person whose **【Servicemen's Group】** *Servicemembers' Group* Life Insurance was continued in force after termination of duty or discharge from service under the law as in effect prior to the date on which the Veterans' Group Life Insurance program (provided for under section 1977 of this title) became effective, and whose coverage under **【Servicemen's Group】** *Servicemembers'*

Group Life Insurance terminated less than four years prior to such date, shall be eligible within one year from the effective date of the Veterans' Group Life Insurance program to apply for and be granted Veterans' Group Life Insurance in an amount equal to the amount of the insured's **【Servicemen's Group】** *Servicemembers' Group* Life Insurance which was not converted to an individual policy under prior law. Veterans' Group Life Insurance issued under this subsection shall be issued for a term period equal to five years, less the time elapsing between the termination of the applicant's **【Servicemen's Group】** *Servicemembers' Group* Life Insurance and the effective date on which the Veterans' Group Life Insurance program became effective. Veterans' Group Life Insurance under this subsection shall only be issued upon application to the administrative office established under section 1966(b) of this title, payment of the required premium, and proof of good health satisfactory to that office, which proof shall be submitted at the applicant's own expense. Any person who cannot meet the good health requirements for insurance under this subsection solely because of a service-connected disability shall have such disability waived. For each month for which any eligible veteran, whose service-connected disabilities are waived, is insured under this subsection there shall be contributed to the insurer or insurers issuing the policy or policies from the appropriation "Compensation and Pensions, Department of Veterans Affairs" an amount necessary to cover the cost of the insurance in excess of the premiums established for eligible veterans, including the cost of the excess mortality attributable to such veteran's service-connected disabilities. The Secretary may establish, as the Secretary may determine to be necessary according to sound actuarial principles, a separate premium, age groupings for premium purposes, accounting, and reserves, for persons granted insurance under this subsection different from those established for other persons granted insurance under this section. Appropriations to carry out the purpose of this section are hereby authorized.

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CHAPTER 24—NATIONAL CEMETERIES AND MEMORIALS

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§ 2402. Persons eligible for interment in national cemeteries

Under such regulations as the Secretary may prescribe and subject to the provisions of section 6105 of this title, the remains of the following persons may be buried in any open national cemetery in the National Cemetery System:

(1) * * *

* * * * *

(5) The spouse, surviving spouse (which for purposes of this chapter includes an unremarried surviving spouse who had a subsequent remarriage which was terminated by death or divorce), minor child, and, in the discretion of the Secretary, unmarried adult child of any of the persons listed in paragraphs (1) through (4) and paragraph (7). *For purposes of this paragraph, a "minor child" is a child under 21 years of age, or under 23 years of age if pursuing a program of education at an*

educational institution, and those terms have the meaning as defined in sections 3452 (b) and (c) of this title.

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PART III—READJUSTMENT AND RELATED BENEFITS

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CHAPTER 30—ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

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SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

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§ 3017. Death benefit

(a)(1) * * *

(2)(A) The payment referred to in paragraph (1) of this subsection shall be made to the person or persons first listed below who is surviving on the date of such individual's death:

(i) The beneficiary or beneficiaries designated by such individual under the individual's **【Servicemen's】** *Servicemembers'* Group Life Insurance policy.

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CHAPTER 32—POST-VIETNAM ERA EDUCATIONAL ASSISTANCE

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SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

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§ 3224. Death of participant

In the event of a participant's death, the amount of such participant's unused contributions to the fund shall be paid to the living person or persons first listed below:

(1) The beneficiary or beneficiaries designated by such participant under such participant's **【Servicemen's】** *Servicemembers'* Group Life Insurance policy.

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PART V—BOARDS, ADMINISTRATIONS, AND SERVICES

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CHAPTER 77—VETERANS BENEFITS ADMINISTRATION

SUBCHAPTER I—ORGANIZATION; GENERAL

Sec.

7701. Organization of the Administration.

7703. Functions of the Administration.

7705. *Management, policy, and operations functions associated with the educational assistance programs of the Education Service.*

* * * * *

§ 7705. Management, policy, and operations functions associated with the educational assistance programs of the Education Service

The offices of Education Procedures Systems, Education Operations, and Education Policy and Program Administration, and any successor to any such office, of the Education Service of the Veterans Benefit Administration of the Department shall be in the District of Columbia.

* * * * *

APPLICABILITY TO LEGISLATIVE BRANCH

The reported bill would not be applicable to the legislative branch under the Congressional Accountability Act, Public Law 104–1, because the bill would only affect certain Department of Veterans Affairs programs and benefits recipients.

STATEMENT OF FEDERAL MANDATES

The reported bill would not establish a federal mandate under the Unfunded Mandates Reform Act, Public Law 104–4.

